

Policy Pennings by Dr. Daryll E. Ray

# Fast-food firms don't find farm programs yummy

On April 18, 2005, "Feedstuffs" released an article by Sally Schuff that identified a number of non-traditional special interests that are planning on being a part of the 2007 Farm bill debate. The article included an interview with former Secretary of Agriculture Clayton Yeutter.

For the past several years, a growing number of environmental groups have expressed interest in farm legislation. One of the clearest examples of this interest comes from the Environmental Working Group, an organization that publishes a list of the government payments that each farmer receives. They see farm programs as a pot of money that can be transformed into environmental programs to protect the country's land, water, and air.

Another player from the environmental sector is the American Farmland Trust, a group that Schuff says, "has a reform agenda – a move from traditional crop subsidies to new, farmer-friendly environmental programs. One of the arguments that the environmental lobby is making is that payments for environmental programs will be compliant with World Trade Organization rules while the existing programs will likely trigger continued trade disputes.

One of the players that Schuff cites is not really a new player. Conservative organizations like the Cato Institute have long opposed farm programs as relic of the New Deal. This time it appears that they will align themselves with the environmental lobbyists. If they can't get rid of farm payments outright, the next best option, from their perspective, will be to convert the payments to payments for environmental practices.

Another tactic conservative groups may use is to try and shift some of the money to rural development and programs for infrastructure repair.

One of the truly new players in the debate has little to say about converting farm payments to environmental and rural development programs, but is emphatic about eliminating government farm programs that restrict free trade. This group is coalescing around the leadership of "Yum!", the Louisville, Kentucky.-based owner of KFC [Kentucky Fried Chicken], Pizza Hut, Taco Bell, and Long John Silver's. The goal of this new group is the freeing up of global trade

and the removal of various impediments to that process. They see current farm programs as one of the impediments that reduces market access.

Former Agriculture Secretary Clayton Yeutter is quoted as recalling a conversation with a fast-foods coalition member: "If we need cheese in China, we want to buy it at whatever is the most feasible location."

When farm programs first came into existence, they were primarily the concern of the 25% of US residents who lived on farms and the implement manufacturers who hoped to sell equipment to those farmers. The responsibility of developing a farm bill fell to those members of Congress who identified themselves a part of the Farm Block.

Over time, interest in farm programs expanded beyond this initial group to include consumers, food stamp recipients, seed and chemical companies as well as the processors and transporters of grains and feeds. It is this last group that made itself known in the writing of the 1996 Farm Bill – a bill that represents the first major shift away from traditional farm programs. As farmers continue to become a smaller portion of the US population the shift in the identity of the players in the farm bill debate is not surprising.

We would argue that each of the participants in the debate need to remember that the original farm bills were not developed to throw money at farmers. They came into being because of the structure of agricultural markets. If these unique characteristics of crop agriculture are ignored we will find ourselves in the same position we found ourselves in 1998 – farm income will be at dangerously low levels and farmers will be making appeals to their Congressional representatives.

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